

Message Text

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

PM-03 DODE-00 SP-02 PRS-01 EB-03 L-01 /041 W

----- 068273

R 071110Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 3389

INFO AMEMBASSY CANBERRA

C O N F I D E N T I A L SAIGON 2552

LIMDIS

EA FOR AMBASSADOR MARTIN

E.O. 11652: GDS

TAGS: EAID EWWT AS VN

SUBJECT: AUSTRALIAN AID TO NORTH VIETNAM

REF: A. STATE 042861; B. CANBERRA 1396

1. WE ENTIRELY AGREE IN JUDGMENT EXPRESSED IN PARA 1 OF REF B THAT US ACTION TO DENY LICENSE TO CATERPILLAR FOR THE PROPOSED TRANSACTION WOULD BECOME PUBLICLY KNOWN. WE ALSO DEFER TO EMBASSY CANBERRA'S JUDGMENT THAT AUSTRALIAN SENTIMENTS ON THE ROLE OF MULTI-NATIONAL CORPORATIONS MIGHT THUS BE EXACERBATED.

2. HOWEVER, AS INDICATED IN REF A THE FACT IS THAT IT HAS BEEN ESTABLISHED US POLICY TO DENY APPLICATIONS FOR TRANSACTIONS OF THE TYPE PROPOSED IN THIS CASE, I.E. THE PROVISION OF AID TO NORTH VIETNAM. THERE WOULD, THEREFORE, BE COMPLETE LOGIC IN SIMPLY STICKING WITH ESTABLISHED US POLICY ON THIS SUBJECT. ON THE OTHER HAND, A REVERSAL OF THAT POLICY WOULD SUGGEST A POSSIBLE MODIFICATION IN OUR ATTITUDE BOTH TOWARDS HANOI AND ON ISSUES INVOLVING THIRD COUNTRY'S POLICIES WITH RESPECT TO NORTH VIETNAM WHICH IS ENTIRELY UNJUSTIFIED BY THE PRESENT SITUATION IN INDOCHINA.

3. IN VIEW OF AUSTRALIAN SENSITIVITY TO AMERICAN-BASED MULTINATIONAL

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CORPORATION ISSUE, WE SUGGEST THAT IF ISSUE COMES TO A HEAD WE

DISCUSS IT WITH GOA ON BASIS FOREIGN POLICY CONSIDERATIONS RATHER THAN ON BASIS FOREIGN ASSETS CONTROL REGULATIONS. IN DOING THIS WE COULD EMPHASIZE TO GOA OUR BELIEF THAT AT A TIME WHEN NVN IS PURSUING AGGRESSIVE ATTACKS AGAINST SVN IN VIOLATION OF THE PARIS AGREEMENT AND WHEN EVIDENCE IS ACCUMULATING OF IMPENDING NEW NORTH VIETNAMESE OFFENSIVE, IT WOULD BE HARD FOR THE USG TO UNDERSTAND A DECISION BY THE GOA TO MAKE AVAILABLE TO THE DRV HEAVY TRACTOR EQUIPMENT, WHICH COULD EASILY BE APPLIED TO MILITARY PURPOSES INCLUDING MILITARY ROAD AND OTHER MILITARY CONSTRUCTION IN SOUTH VIETNAM. THERE IS MORE THAN THE LEGAL VIOLATION OF THE PARIS AGREEMENT INVOLVED -- IN FACT EVEN MORE THAN THE SURVIVAL OF SVN. OUR POLICY IS BASED FUNDAMENTALLY ON THE SECURITY NEEDS OF THE SOUTHEAST ASIAN AREA IN FACE OF AN OBVIOUS THREAT FROM A MILITANT NORTH VIETNAMESE REGIME AND VERY POWERFUL NORTH VIETNAMESE ARMY. WE WOULD HOPE THAT OUR ALLIES IN EAST ASIA, WHOSE SECURITY IN THE LONG RUN MAY ALSO BE INVOLVED, WOULD SUPPORT THE US IN THIS POLICY.

4. THE GOA WILL PROBABLY NOT BE MOVED BY OUR PRESENTATION, AND WE MAY HAVE IN THE END TO GRANT CATERPILLAR A LICENSE TO AVOID THE KIND OF DIFFICULTY FORESEEN IN REF B; BUT WE WILL HAVE MADE OUR POSITION CLEAR AND WILL ONCE AGAIN HAVE DRAWN THE GOA'S ATTENTION TO THE NEED FOR CLOSER COORDINATION OF POLICIES OF US AND AUSTRALIA WITH RESPECT TO OMINOUS SITUATION DEVELOPING IN INDOCHINA. SHOULD WE GRANT THE LICENSE, WE SHOULD ALSO GAIN CREDIT WITH THE GOA ON WHICH WE COULD DRAW AT A LATER DATE.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FARM EQUIPMENT, POLICIES, TRACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SAIGON02552
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750081-0333
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750372/aaaacmkk.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 STATE 042861, 75 CANBERRA 1396
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by ElyME>; APPROVED <08 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIAN AID TO NORTH VIETNAM
TAGS: EAID, EWWT, AS, VN, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006